



# **Safety Rest Area and Welcome Center Program SAVE**

**Sponsorship, Advertising & Vending Enhancement**

September 30, 2014  
Maintenance Division

# Sponsorship, Advertising & Vending Enhancement

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# **Sponsorship, Advertising & Vending Enhancement**

## **Background**

**In early 2009, Virginia Department of Transportation announced \$2.6 billion revenue shortfall. Majority of funding shortfall resulted in the elimination of planned highway construction projects.**

**Additionally, in July 2009, 19 Virginia interstate SRAs were closed with the intent of saving approximately \$9 million per year in costs.**

# Sponsorship, Advertising & Vending Enhancement Background

#	Interstate	Site Name	MSA Marker	VDOT District	Primary Reason for remaining OPEN
1	77-80	Becky Gap	10	District	Black carbon, limited nearby commercial services, critical refuge for motorists (close to tunnel)
2	81-80	Abingdon (Truckee)	15	District	Large facility, excellent facilities, high truck demand
3	44-101	Chatham Blk	110	Chaparral	Critical as distributor refuge on Silver Mountain, limited nearby commercial services
4	44-100	Chatham Blk	111	Chaparral	Critical as distributor refuge on Silver Mountain, limited nearby commercial services
5	77-81	Becky Gap WC	10	District	Economic benefit to Commonwealth
6	81-80	Becky Gap WC	1	District	Economic benefit to Commonwealth
7	77-81	Fredericksburg WC	170	Fredericksburg	Economic benefit to Commonwealth
8	77-80	Madison WC	1	Fredericksburg	Economic benefit to Commonwealth
9	77-13-80	Maple Church WC	1	Fredericksburg	Economic benefit to Commonwealth
10	64-101	East Coast Gateway WC	213	Kalberson	Economic benefit to Commonwealth
11	64-101	New Kent	213	Kalberson	People corridor, limited nearby commercial services, critical evacuation refuge
12	87-80	Roanoke WC	0-3	Kalberson	Economic benefit to Commonwealth
13	44-101	Carson	37	Kalberson	Economic benefit to Commonwealth, scenic view, open only, Potomac Visitor Center
14	64-101	Lynchburg WC	1	Kalberson	Economic benefit to Commonwealth
15	81-80	Maple Church WC	1	Kalberson	Economic benefit to Commonwealth
16	81-80	Maple Church	120	Kalberson	Economic benefit to Commonwealth
17	64-101	Lynchburg (Truckee)	34	Kalberson	Large road, limited commercial services in rural corridor
18	64-101	Portfield	170	Kalberson	Private no greater than 2 hour rest area gap, high truck demand
19	81-80	Roanoke	100	Kalberson	Private no greater than 2 hour rest area gap, high truck demand
20	77-80	Shaw-Cox (Truckee)	114	Norfolk-Virginia	High truck demand, limited commercial services, high truck demand
21	77-81	Shaw-Cox (Truckee)	112	Norfolk-Virginia	High truck demand, limited commercial services, high truck demand
22	81-80	Shaw-Cox	170	Norfolk	Private no greater than 2 hour rest area gap, high truck demand
23	81-80	Shaw-Cox	212	Norfolk	Private no greater than 2 hour rest area gap, high truck demand

#	Interstate	Site Name	MSA Marker	VDOT District	Primary Reason for CLOSURE
1	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
2	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
3	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
4	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
5	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
6	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
7	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
8	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
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16	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
17	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
18	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services
19	81-80	Becky Gap	10	District	3 hour trip, nearby commercial services

**Final Closure Plan  
for 19 Virginia  
Safety Rest Areas (SRA)  
and Welcome Centers (WC)**



# Sponsorship, Advertising & Vending Enhancement

## Background

**Closures were met with opposition by interstate travelers because of concerns regarding;**

- Traveler safety and increased accidents due to illegal shoulder stops and fatigue
- Losses of state tourism dollars
- Injury to the Commonwealth's reputation as a business-friendly state.

# Sponsorship, Advertising & Vending Enhancement

## Background

Virginia state leaders mobilized in mid-2009 to push repeal of federal code prohibiting commercialization at interstate SRAs. Then—Virginia Governor Timothy Kaine, then—Secretary of Transportation Pierce Homer, and delegates to the General Assembly of Virginia all solicited members of the U.S. Congress to launch reform in an effort to stave off imminent closures of Virginia interstate SRAs.

“Permitting Virginia to commercialize rest areas would remedy an inconsistency among our state and a number of others and would allow at least some additional public rest areas to remain open. With federal approval, Virginia could quickly begin the process of evaluating the actual potential for private sector investment in our rest stops.”

# **Sponsorship, Advertising & Vending Enhancement**

## **Background**

During its 2010 Regular Session, the Virginia General Assembly passed House Joint Resolution No. 126 and Senate Joint Resolution No. 99 “requesting the Virginia Transportation Research Council to study alternatives to the public funding and operation of all or portions of the Commonwealth’s interstate safety rest areas.”

# Sponsorship, Advertising & Vending Enhancement

## Background

The following concepts and strategies proposed to enhance revenue and reduce costs:

- Contracted Maintenance Cost Reductions
- **Sponsorship-Advertising-Vending Enhancement Program**
- Regional Tourism and Welcome Center Partnership
- Safety Rest Area and Welcome Center Innovation Research Program



# Sponsorship, Advertising & Vending Enhancement

## Background

- Governor Robert F. McDonnell directed the Virginia Department of Transportation (VDOT) to identify and implement long-term strategies to offset a portion of operating costs for Virginia's safety rest areas and welcome centers. A strategy is the Sponsorship, Advertising, and Vending Enhancement Program (SAVE Program).
- The SAVE Program, the first of its kind among state transportation agencies, is a unique opportunity for the innovative management commercial advertising, sponsorship, and vending opportunities at Virginia's safety rest areas and welcome centers.
- VDOT's desired outcome for the SAVE program are increased levels of commercial advertising, sponsorship, and vending opportunities at the Safety Rest Areas (SRAs) and Welcome Centers (WCs) that enhance the customer or guest experience, while fostering a predominant and overwhelming visitor experience of being welcomed into the Commonwealth.

# Sponsorship, Advertising & Vending Enhancement

## Revenue Sources

**Currently, three revenue sources operate within the Safety Rest Area and Welcome Center (SRA/WC) program:**

- Interstate Sponsorship Recognition Signage.
- Interior SRA/WC commercial advertising – Previously Managed by Virginia Tourism Corporation (VTC).
- Exclusive vending rights – Previously Managed by Virginia Department for the Blind and Vision Impaired (DBVI).

With approval and support by sponsoring agencies, these services were bundled under a single SAVE Contract to optimize potential revenue opportunities.

# Sponsorship, Advertising & Vending Enhancement

## Key Initial Program Actions

- Office of the Governor issued press release and requested full cooperation in program development/implementation from Secretariats.
- VDOT, Office of the Attorney General (OAG), and Federal Highway Administration (FHWA) worked cooperatively to identify any issues with the concepts of the program approach.
- VDOT and Department for the Blind and Vision Impaired (DBVI) updated an existing memorandum of agreement to allow inclusion of vending in SAVE request for proposal (RFP).
- VDOT and the Virginia Tourism Corporation (VTC) updated an existing memorandum of agreement to allow inclusion of Welcome Center advertising programs in the SAVE RFP.
- The Commonwealth Transportation Board (CTB) provided approval to VDOT for new vending merchandise (compliant with USDOT regulations).
- FHWA approved SRA/WC sponsorship signing concept.

# **Sponsorship, Advertising & Vending Enhancement**

## **Key Initial Program Actions**

- SAVE RFP issued on March 16, 2011. Contract awarded to CRH Catering.
- Contract start date September 1, 2011 with a 3-year term and four 1-year renewal options.
- CRH will provide VDOT with an Annual Rights Fee of just over \$2,000,000.
- CRH will also provide payment to VDOT on a sliding scale based upon its annual gross revenue throughout a 12-month period.

# Sponsorship, Advertising & Vending Enhancement

## Contract Background

**VDOT's Contract with CRH represents a partnership between companies recognized as leaders in the services sought by the SAVE program.**

- Vending: CRH Catering, Connellsville, PA, with offices in Richmond and Norfolk VA, previously provided vending services at more than 30 of Virginia's Safety Rest Areas.
- Advertising: Highway Information Media LLC (HI Media), Ashland, VA, which specializes in traveler-focused marketing and advertising. Currently manages a pilot project which places touch screen kiosks at four Welcome Centers along Virginia's interstates.
- ATM: Strong Point Capital LLC (SPC), Woodstock VA, is a full-service ATM company. SPC manages a portfolio of nearly 150 ATMs in five states along the east coast.
- Sponsorship: Travelers Marketing, Wellesley, MA, is a strategic marketing company operating sponsorship programs in eight other states.

# Sponsorship, Advertising & Vending Enhancement

## Initial Contract Milestones

Milestones	Responsibility	Actual Completion Date
SAVE Contract Start	VDOT SAVE Contractor	09/01/2011
Transition to new vending equipment (replace existing vending)	SAVE Contractor	09/30/2011
Transition to new SAVE Contractor managed advertising and sponsorship program.	SAVE Contractor	01/01/2012
Establish a SAVE sponsor	SAVE Contractor	09/01/2012

# **Sponsorship, Advertising & Vending Enhancement**

## **Additional Program Benefits**

- Encouraged entrepreneurial development .
- Opened program participation to a wider audience of potential commercial and tourism related advertisings partners.
- Fostered continued cooperation and communication between VDOT, VTC, and DBVI.
- Provided recognition for Virginia as a innovative leader in program development.
- Marquee value of a national business actively partnering as a sponsor.

# Sponsorship, Advertising & Vending Enhancement

## 2014 Initiatives

- Sponsorship
  - Advance Safe Phone Zone message through on-site “Safety Breaks”, public service messages, social media, and free traveler Wi-Fi.
- Advertising
  - Continue out-reach to new markets such as truck service stations and regional tourism destinations in proximity to safety rest areas.
  - Continue to encourage local participation by small, local, businesses in proximity to safety rest areas.
- Vending
  - Add new Virginia Lottery vending machines.
  - Continue to expand choices of vending items.
  - Deployment of automated sales tracking/inventory technology for vending machines



# Sponsorship, Advertising & Vending Enhancement

## Summary of Program Areas

### Sponsorship

- GEICO pays CRH approximately \$410,000 annually for sponsorship rights as part of the program
- Sponsorship dollars are pooled with gross revenue from other SAVE program sources (advertising and vending).
- GEICO has as two-year contract with CRH (August 2012 to August 2014)
- When GEICO's agreement expires, it is possible VDOT may have a new rest area sponsor
- CRH is responsible for all infrastructure costs (to include sign install, changes and/or removal)



# Sponsorship, Advertising & Vending Enhancement

## Summary of Program Areas

### Advertising

- Approximately 903 advertisers participate in the program (to include brochures and other on site media).
- 688 brochures are enrolled in the 2013 Welcome Center network versus 656 in 2012. (+32).
- 65 brochures are enrolled in the 2013 Rest Area network versus 52 in 2012. (+13) .
- Enrollment continues to grow through focusing on local business and regional tourism accounts.



# Sponsorship, Advertising & Vending Enhancement

## Summary of Program Areas

### Enhanced Vending:

- Machines equipped with credit card readers for cashless transactions
- Fresh food items, such as fruit and sandwiches, added at 8 SRA/WC locations
- ATM Machines added at 8 SRA/WC locations
- Machines that vend convenience items for travelers. Merchandise Vending includes;
  - Virginia Tourism Branded Merchandise
  - Convenience items such as toothbrushes, toothpaste, and other over the counter health care items

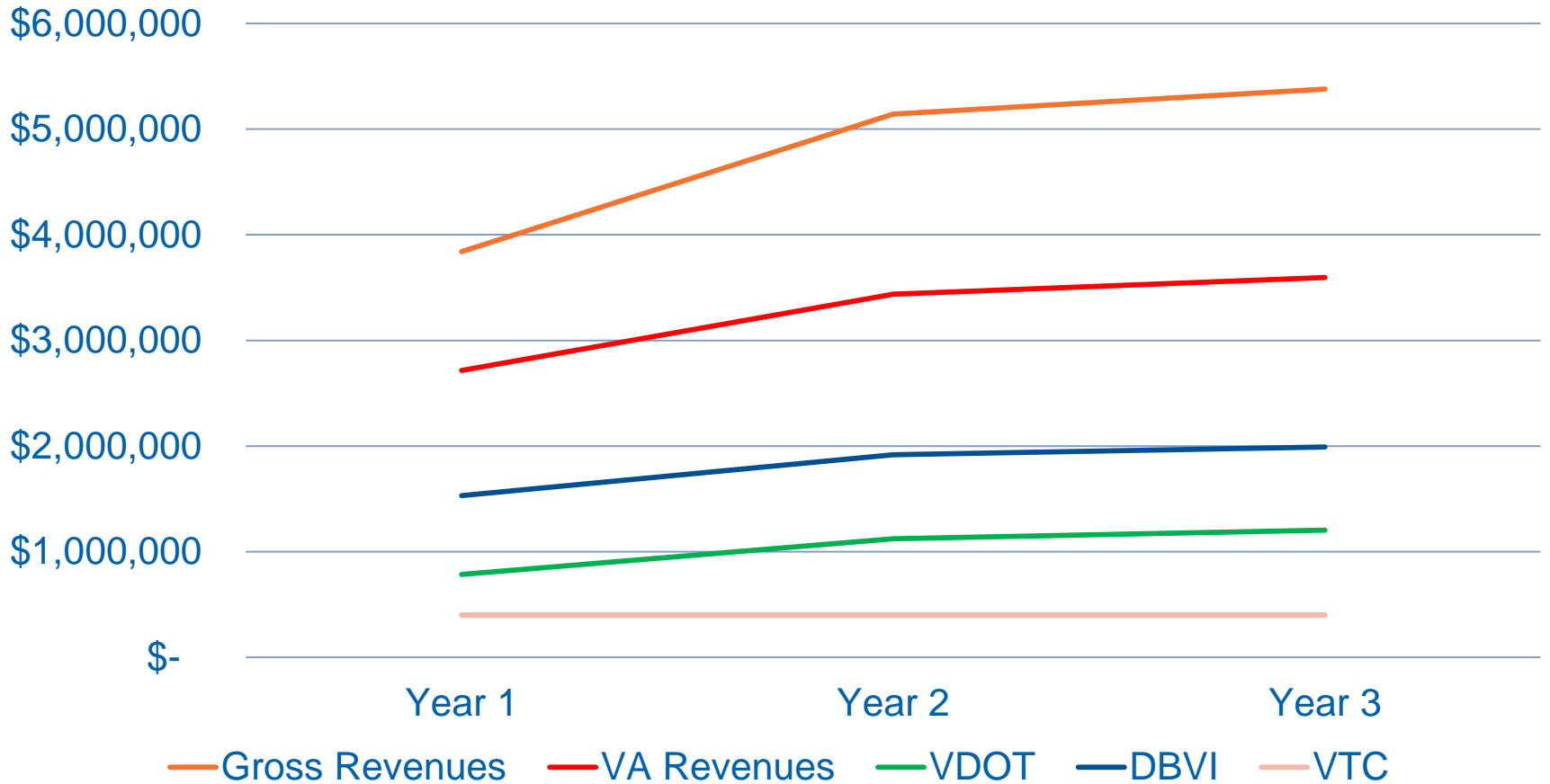


# Sponsorship, Advertising & Vending Enhancement

## Year 2 and 3 Milestones

Milestones	Responsibility	Targeted Completion Date
Evaluate and Deploy Free Wi-fi access, active Fredericksburg Rest Area/Welcome Center	SAVE Contractor	04/2013
Deploy Automated Tracking of Vending Sales	SAVE Contractor	10/2013
Evaluate the feasibility of Lottery machines	VDOT/VTC/DBVI SAVE Contractor	2014
Evaluate SAVE contract for renewal – Complete Prior to April 2014, and annually thereafter 120 days prior to renewal.	VDOT/VTC/DBVI SAVE Contractor	2014

# Sponsorship, Advertising & Vending Enhancement Revenues



# Sponsorship, Advertising & Vending Enhancement Revenues

	Year 1	Year 2	Year 3	Year 1 - 3
<b>Gross Revenues</b>	\$ 3,840,406	\$ 5,142,919	\$ 5,380,031	\$ 14,363,356
<b>VA Revenues</b>	\$ 2,715,587	\$ 3,437,327	\$ 3,595,981	\$ 9,748,895
<b>VDOT</b>	\$ 784,925	\$ 1,120,952	\$ 1,204,152	\$ 3,110,030
<b>DBVI</b>	\$ 1,530,661	\$ 1,916,375	\$ 1,991,829	\$ 5,438,865
<b>VTC</b>	\$ 400,000	\$ 400,000	\$ 400,000	\$ 1,200,000



# Sponsorship, Advertising & Vending Enhancement

Direction From Here



# Sponsorship, Advertising & Vending Enhancement

## Direction From Here

- After 2.5 years of experience administering the current contracts VDOT, DBVI, and VTC agreed to recommend separating the SAVE contract into its three core components;
  - Sponsorship to be managed by VDOT,
  - Advertising to be managed by VTC, and
  - Vending to be managed by DBVI.
- The separation of SAVE program components will allow VDOT, DBVI, and VTC to select and manage contractors with expertise in their respective fields and trades thereby increasing revenue opportunities.
- Separation of vending and sponsorship activities will increase competition by allowing more firms to submit proposal within their primary areas of expertise.
- The SAVE program will continue as a cooperative partnership between VDOT, VTC, and DBVI.



# Sponsorship, Advertising & Vending Enhancement

## Anticipated Milestones

Milestones	Responsibility	Targeted Completion Date
Transition to new advertising	VTC	December 2014
Transition to new vending	DBVI	January 2015
Transition to new sponsorship contract	VDOT	June 2015



# SAVE

## Sponsorship, Advertising & Vending Enhancement

September 30, 2014  
Maintenance Division